



Tennessee Board for Licensing Contractors
500 James Robertson Pkwy., Suite 110
Nashville, TN 37243-1150

Telephone: 1-800-544-7693
Fax: (615) 532-2868

Website: www.state.tn.us/commerce/boards/contractors

Licensing General Information

HOW TO BECOME A LICENSED CONTRACTOR

(Detailed steps are located in the application and may be downloaded from our website)

http://www.state.tn.us/commerce/boards/contractors/documents/LicenseApplicationWeb_001.pdf

In order to become a licensed contractor, you must complete the Board's application process, which entails the following steps:

- New contractor license applicants must register (see enclosed "Candidate Information Bulletin") and pass the "Business and Law" examination and any applicable "Trade" examination with PSI, Inc. (Information is available on their website at www.psiexams.com) If licensed in one of the reciprocating states, Alabama, Arkansas, Louisiana, Mississippi, North Carolina or South Carolina, the trade exam may be waived. *(Note: Must be pre-approved to take plumbing exam!)*
- Contact a Certified Public Accountant (CPA or PA) to prepare a financial statement in the required format. A **"Review"** is required for limits of \$1,500,000 or less; an **"Audit"** is required for limits exceeding \$1,500,000;
- Application has a "Reference" form to be completed by a past client, employer, or codes official;
- Corporations and Limited Liability Companies (LLC) must register their charter with the Tennessee Secretary of State, who may be contacted at (615) 741-2286 or information available at: www.state.tn.us/sos/forms/corp-fillin.pdf
- Workers Compensation Insurance is required for contractors with one (1) or more employees;
- Complete the contractor license application and attach exam scores, financial statement, reference, proof of insurance and mail to the Board office, by the deadline date, which is the 20th day of the month, prior to Board meeting, with **\$250.00** fee;
- A personal interview with the Board may be required and these meetings are held during the months of January (Nashville), March (Nashville), May (Memphis), July (Nashville), September (Knoxville) and in November (Nashville). (Licenses require Board approval for issuance.)

A Contractor's license is needed for the following, prior to bidding, contracting, offering or negotiating a price:

- **\$25,000** or more for the total project
- **Subcontractors** who perform \$25,000 or more in electrical, mechanical, plumbing and HVAC projects
- **Construction Management** of any kind, where the value of the project exceeds \$25,000

****(Please contact the local county/city permit offices for their license requirements)****

Contracting is defined as performs or causes to be performed activities, undertaking to, attempts to, or submits a price or bid or offers to construct, supervise, superintend, oversee, schedule, direct, or in any manner assume charge of the construction, alteration, repair, improvement, movement, demolition, putting up, tearing down, or furnishing labor to install material or equipment for any building, highway, road, railroad, sewer, grading, excavation, pipeline, public utility structure, project development, housing, housing development, improvement, or any other construction undertaking. (See T.C.A. §62-6-102.)

Continued →

License Classification and Monetary Limit involves designating a “limit” or amount a contractor is approved to contract and a “classification” or type of license such as: residential, commercial, industrial or building subcategories, demolition, carpentry, masonry, landscaping, etc., or electrical; mechanical; plumbing; HVAC; municipal utility; highway, railroad or airport (HRA); environmental specialties; and specialties for installation of equipment, etc. (see Rule 0680.1-.16).

Bidding requirements are defined in TCA §62-6-119, which states the contractor must list their name as licensed, license ID#, classification, expiration date, and list the same information for their electrical, plumbing, mechanical or HVAC subcontractors.

Other Subcontractors: A contractor’s license is NOT required for subcontractors, those bidding directly to a licensed contractor and not the owner, for projects such as: painting, masonry, roofing, etc., unless, the subcontractors are performing mechanical, plumbing, HVAC and electrical.

Violations: A contractor who contracts, offers to engage or obtains a permit without a license or proper classification and monetary limit is in violation of T.C.A. §62-6-120. Therefore, would be ineligible to be awarded the project, may not receive a license for six months, cannot participate in any re-bidding of the project, and subject to civil penalties. Bidding requirements entail listing the license name, number, expiration date and the classification pertaining to bid, on the outside of the bid envelope. (Refer to T.C.A. §62-6-119.)

Deadline Dates for Board Meeting: The Board meets during the months of January, March, May, July, September and November; deadline to submit application for the meeting is the 20th day of the month prior to the Board meeting.

Website Main: <http://www.state.tn.us/commerce/boards/contractors/index.html>

Website for License Law: <http://www.michie.com/> (search “Tennessee” 62-6-102)

Website for Rules and Regulations: <http://www.state.tn.us/sos/rules/0680/0680.htm>

OTHER LICENSES REGULATED BY THIS BOARD

Home Improvement license is required in the following counties: Bradley, Davidson, Hamilton, Haywood, Johnson, Knox, Robertson, Rutherford and Shelby, for remodeling projects from \$3,000 to less than \$25,000. For more information, contact the Home Improvement Commission at (615) 532-3993 or 3994 or 1-800-544-7693 or at: <http://www.state.tn.us/commerce/boards/contractors/pdf/HICApp2006.pdf>

Limited Licensed Electrician (LLE) license is required in counties who do not perform their own inspections and licensing for electrical wiring projects less than \$25,000. Contact our LLE licensing section at 1-800-568-0649 or (615) 253-2144 or at: <http://www.state.tn.us/commerce/boards/contractors/pdf/LLEApplication.pdf>

NEW! Limited Licensed Plumber (LLP) license is required for projects less than \$25,000 (as of January 1, 2006). Must also obtain local permits and adhere to their licensing requirements, such as exams and fees. Contact our LLP licensing section at 1-800-544-7693 or (615) 532-3994 or at: <http://www.state.tn.us/commerce/boards/contractors/pdf/PlumbingApp2006.pdf>

Board for Licensing Contractors
500 James Robertson Pkwy., Suite 110 – Davy Crockett Tower
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Telephone: 800-544-7693 or (615) 741-8307 or Fax: (615) 532-2868
www.state.tn.us/commerce/boards/contractors

Effective June 1, 2007, schools offering pre-licensing contractor courses must be approved by the Contractors Board!

**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**

500 James Robertson Pkwy., Suite 110 Davy Crockett Tower
Nashville, TN 37243-1150
Telephone: 1-800-544-7693 or (615) 741-8307 / Fax: (615) 532-2868
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BOARD FOR LICENSING CONTRACTORS

Month of Meeting	Tentative Locations	Deadline for Applications
January	Nashville	December 20
March	Nashville	February 20
May	Memphis	April 20
July	Nashville	June 20
September	Knoxville	August 20
November	Nashville	October 20

CONTRACTORS LICENSE INFORMATION
Instructions and General Information (see pages i – xv)

Application (see pages 1 – 12)

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LICENSE APPLICATION INSTRUCTIONS

Congratulations on your decision to become a licensed contractor with the State of Tennessee! We know how important a license is toward your livelihood and we are here to help. As you may know, a contractor's license is required for projects in excess of \$25,000. Most important; do NOT bid, offer a price, negotiate or contract until you are granted a license. Doing so, is a violation which comes with monetary penalties and license denial for six months and you would not be allowed to start, finish or participate in any re-bidding of the project. (See T.C.A. 62-6-120). For additional assistance, feel free to contact our office at 1-800-544-7693.

STEP 1 – TESTING: Contact testing center to schedule exam(s)

Register to take examination(s)

The owner or an individual designated by the applicant is considered the Qualifying Agent and they should review the examination guide for dates, locations, registration and study outlines. The license is not issued to the person taking the exam; it is issued to the owner or entity providing the financial statement and license classifications are based on experience (the Board looks for at least three years experience), equipment, and some require a trade exam. The testing center, PSI, Inc., is a contract vendor; not a state agency. They cannot advise contractors of which exams are required. Exams are from \$38.00 to \$44.00 each (check the "Candidate Information Bulletin"); same day score, given daily in Nashville, given weekly in Memphis and Knoxville and monthly at other cities. PSI may be contacted at: (800) 733-9267 or online at www.psiexams.com *(If you have already taken exams and are applying for an additional license, reinstatement, reciprocity or the Qualifying Agent (QA) applying for a license, please attach a letter requesting waiver of exam or attach a copy of scores with application.)*

All new license applicants must take the Tennessee "**Business and Law**" exam which is open book and based upon the "*Contractors Guide to Business, Law and Project Management*" reference manual published by NASCLA. This may be purchased by the testing center or professional book stores. Some applicants may be required to take a **trade** exam. See the outline of classifications listed below.

The following is a list of trade exams (building, electrical and mechanical):

Building Categories/Combined

Residential -(BC-A); Commercial -(BC-B); Industrial - (BC-C);
Res/Small Com - BC-A,b(sm); Res/Com/Ind -(BC); Small Commercial - BC-b(sm);
Com/Ind - (BC-B,C);

Examples:

- Build residential houses only, take the BC-A exam.
- A construction manager is required to take the full BC exam.
- Build homes and commercial projects, (such as a doctor's office less than \$750,000), need the BC-A and BC- b(sm) exams OR combined BC-A,b(sm).
- A BC-B or BC is needed to build a water/sewer plant.
- Perform only landscaping, or roofing, or painting; or masonry; no trade exam (see Rule 0680-1-.16 for a complete list of 33 building subcategories)
- Perform environmental remediation; no trade exam. Must supply applicable training certificates and experience.
- Communication/cell towers; no trade exam.

Electrical and Mechanical Categories

Electrical (CE)	High Voltage (CE-A, H)	Fire/Sprinkler (CMC-D)
Mechanical (CMC)	Plumbing *(CMC-A)	HVAC/Refrig (CMC-C)

**Effective May 24, 2007, must be pre-approved to take the plumbing exam*

Examples:

- Electrical wiring less than \$25,000, may need the state's **LLE** (Limited Licensed Electrician's) license. For an LLE license, call 1-800-568-0649, but be sure to check in the county you plan to work! (CE electrical contractors are exempt)
- Plumbers performing projects less than \$25,000, may need the state's **LLP** (Limited Licensed Plumber) license, a separate license within the Board. For an LLP application, call (615) 532-3994. In addition, must also apply for the county or municipality's local plumbing license.
- Electrical wiring contracts in excess of \$25,000, need the CE exam
- Works on electrical transmission lines/sub-stations, needs CE-A,H (high voltage)
- Performs plumbing, HVAC, refrigeration, and process piping; needs full CMC.
- Performs process piping, only; NO test, (CMC-B) class.
- Installs alarm or security systems, up to 70 volts; no trade exam required (may need to register with the Alarm Contractors Board at (615) 741-9771).
- Installs telephone lines or computer cabling; no trade exam required.
- Gas piping: A contractor with CMC, CMC-A or CMC-C may perform gas piping to everything, such as water heaters, laundry equipment, kitchen equipment, and to appliances, gas grills, swimming pool heaters, gas logs, etc..
- Fire Protection/Sprinkler contractors must pass the CMC-D exam and/or NICET certification, currently with the Department of Fire Prevention (615) 741-7190 or <http://www.state.tn.us/commerce/sfm/fpplsect.html>
- Geothermal System requires a CMC-C exam; the well driller needs to be licensed with Department of Environment and Conservation (800-523-4873).

The following trades do not require an exam; based on equipment and experience:

Building Subcategories such as: “Acoustical Treatments” (BC-1;) through “Irrigation” (BC-33;) Full “BC” exam would cover all. *(Refer to T.C.A. Section 62-6-112 and Rule 0680-1-.16 of the Tennessee law for a complete listing.)*

Low Voltage (less than 70 volts): Sound, Intercom, Fire Detection or Alarm Systems (CE-D); Telephone Lines (CE-F); and Cabling (CE-G). Alarm contractors need to also check with the Alarm Systems Contractors Licensing Board at (615) 741-9771.

Heavy Construction (HC) such as: Marine (Docks, Harbor Improvements) HC-A; Dams, Dikes, Levees and Canals (HC-D); Structural Steel Erection (HC-1); Clearing, Grubbing, Snagging and Rip Rap (HC-5).

Highway, Railroad and Airport (HRA) such as: Grading and Drainage (HRA-A); Base and Paving (HRA-B); Bridges and Culverts (HRA-C); Well Drilling (HRA-E.4)., (well drillers may need to be certified with the Department of Environment and Conservation).

Municipal Utility (MU) such as: Underground Piping (MU-A); Grading and Drainage (MU-C); Gas Distribution and Transmission Lines (MU-A,1). (Water well drillers may need to be certified with the Department of Environment and Conservation and may be contacted at 800-523-4873.)

Environmental Specialties: Asbestos Handling (S-A); Underground Storage Tanks (S-B); Lead Based Paint Abatement (S-C); Hazardous Waste Removal (S-D); and Air, Water or Soil Remediation (S-E). *(Must attach designated qualifying agent’s (QA) training certifications and resume in these areas.) These contractors may need to check with the Department of Environment at 888-891-8332 for further state requirements.*

Specialties: Cell/Communication Towers; Equipment Installation; Vinyl/Wood Siding; Fabrication of Above-Ground Storage Tanks/Vessels; etc. Specialty license classifications are for unique types of contracting where the Board specifies the exact type of work you perform, such as “S-Installation of Paint Finishing Equipment”.

Medical Gas certification is required by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE), with a minimum of 32 hours of training, with eight (8) of these hours in brazing. You may also check with the National Inspection Testing Certification (NITC) for local certification locations at 877-457-6482.

Note: Contractors with non-tested trades or specialty license classifications, cannot perform any electrical, mechanical or plumbing in excess of \$25,000, and would be required to subcontract to properly licensed contractors. Example: A contractor with classification “S-Food Service Equipment” would be required to hire a licensed mechanical contractor to perform refrigeration portions in excess of \$25,000.

Outline of License Classifications

All applicants must take the Business and Law exam. The following is an outline of classifications and identifies those requiring a "Trade" test:

BC - BUILDING CONSTRUCTION - (Test Required)

A. Residential (BC-A) - (Test Required)

"Residential building contractors" are those whose services are limited to construction, remodeling, repair, or improvement of one, two, three, or four family unit residences not exceeding three stories in height and accessory use structures in connection therewith.

Limited Residential Restricted (BC-A/r) – No Test – Course at community college
\$70,000 total project tract homes, only (not to be used for home improvement). Must take exams to increase.

B. Commercial (BC-B) - (Test Required)

A commercial building contractor is authorized to bid on and contract for the construction, erection, alteration, repair or demolition of any building or structure for use and occupancy by the general public, including residential construction with more than four (4) units or greater than three (3) stories in height.

b. Small Commercial (BC-b) - (Test Required)

A small commercial building contractor is authorized to bid on and contract for the construction, erection, alteration, repair or demolition of any building or structure for use and occupancy by the general public where the total cost of which does not exceed seven hundred fifty thousand dollars (\$750,000.00).

C. Industrial (BC-C) - (Test Required)

A contractor under this classification is authorized to bid on and contract for the erection, alteration, repair and demolition of buildings or structures used for industrial production and service, such as manufacturing plants.

BC BUILDING SUBCATEGORIES – (Test not required for five (5) or less of the following subcategories)

1. Acoustical Treatments
2. Carpentry, Framing and Millwork, etc.
3. Drywall
4. Floor Covering
5. Foundations
6. Glass, Window and Door Construction
7. Institutional and Recreational Equipment
8. Lathe, Plaster and Stucco
9. Masonry
10. Ornamental and Miscellaneous Metal
11. Painting, Interior Decorating
12. Roof Decks
13. Site and Subdivision Development
14. Special Coatings and Waterproofing
15. Tile, Terrazzo and Marble
16. Insulation
17. Elevators, Escalators, and Dumbwaiters
18. Erection and Fabrication of Structural Steel
19. Concrete
20. Sheet Metal
21. Roofing
22. Conveyors
23. Sandblasting
24. Golf Courses
25. Tennis Courts
26. Swimming Pools
27. Outdoor Advertising
28. Excavation
29. Landscaping
30. Fencing
31. Demolition
32. Millwright
33. Irrigation

Example: A contractor with a full **BC** classification is considered licensed to bid and perform "residential, commercial and industrial" building, as well as, any of the 33 listed building subcategories. A contractor with a **BC-31 classification** would be licensed for "demolition", only.

HC - HEAVY CONSTRUCTION *(No Test - for HC or any of the HC subcategories)*

A. Marine (HC-A)

(Wharves, Docks, Harbor Improvements and Terminals)

B. Tunnel and Shaft (HC-B)

C. Energy and Power Plants (HC-C)

D. Dams, Dikes, Levees and Canals (HC-D)

E. Mining Surface and Underground (HC-E)

F. Oil Field Construction (HC-F)

G. Oil Refineries (HC-G)

Heavy Construction Categories (Apply to All Areas)

1. Structural Steel Erection
2. Tower and Stack Construction
3. Foundation Construction, Pile Driving, Foundation Drilling, and Stabilization
4. Demolition and Movement of Structures
5. Clearing, Grubbing, Snagging and Rip Rap
6. Slipform Concrete Structures
7. Rigging and Crane Rigging
8. Welding

HRA - HIGHWAY, RAILROAD AND AIRPORT CONSTRUCTION *(No Test – for HRA or HRA subcategories)*

A. Grading and Drainage (HRA-A)

Includes grading, drainage pipe and structures, clearing and grubbing.

B. Base and Paving (HRA-B)

1. Base Construction
2. Hot and Cold Mix Asphalt
3. Surface Treatment Asphalt
4. Concrete Paving

C. Bridges and Culverts (HRA-C)

1. Painting
2. Repair
3. Demolition
4. Bridge Deck Overlay (Sealant)
5. Gunite
6. Cofferdam
7. Steel Erection

D. Railroad Construction and Related Items (HRA-D)

E. Miscellaneous and Specialty Items (HRA-E)

1. Traffic Safety
 - (a) Pavement Markers
 - (b) Signing
 - (c) Guardrail and Fencing
 - (d) Attenuators, signalization and roadway lighting
2. Landscaping
Includes seeding, sodding, planting, and chemical weed and brush control.
3. Pavement Rehabilitation
Includes pressure grouting, grinding and grooving, concrete joints, and underdrains.
4. Well Drilling
5. Miscellaneous Concrete
Includes sidewalks, driveways, curb and gutter, and box culverts.

MU - MUNICIPAL AND UTILITY CONSTRUCTION – *(No Test - for MU subcategories, except for a full MU or MU-B classification)*

Municipal and Utility Construction includes all supervision, labor, material and equipment to complete underground piping, water and sewer plants and sewer disposal, grading and drainage, and paving (unless restricted to specific areas named).

A. Underground Piping (MU-A)

Furnish supervision, labor, material and equipment to complete all underground piping for municipal and utility construction (unless restricted to specific areas names).

1. Gas Distribution and Transmission Lines
2. Sewer Lines, Storm Drains, Rehabilitation and Structures
3. Waterlines
4. Underground Conduit

B. Water and Sewer Systems* (MU-B)

* requires a BC-B or commercial or industrial trade exam to construct water and sewer plants.

C. Grading and Drainage (MU-C)

Includes grading, drainage pipe and structures, clearing and grubbing.

D. Base and Paving (MU-D)

1. Base Construction
2. Hot and Cold Mix Asphalt
3. Surface Treatment Asphalt
4. Concrete Pavement
5. Miscellaneous Concrete (includes sidewalks, driveways, curb and gutter, and box culverts)

MC/CMC - MECHANICAL CONTRACTING

- A. Plumbing and Gas Piping (CMC-A) - *(Test Required)*
- B. Process Piping (CMC-B) – *(No Test)*
- C. HVAC, Refrigeration and Gas Piping (CMC-C) - *(Test Required)*
 1. Solar HVAC (geothermal) – *(Test Required – CMC-C)*
- D. Sprinklers & Fire Protection (must register with Fire Prevention) - (CMC-D) - *(Test Required)*
- E. Insulation of Mechanical Work (CMC-E) – *(No Test)*
- F. Pollution Control (CMC-F) – *(No Test)*
- G. Pneumatic Tube Systems (CMC-G) – *(No Test)*
- H. Temperature Controls (Pneumatic) (MC-H) - *(No Test)*
- I. Boiler Construction & Repairs (CMC-I) - *(No Test)*
- J. Fuel Gas Piping and Systems (CMC-J) - *(No Test)*

E/CE – ELECTRICAL CONTRACTING (Test Required for full CE)

- A. Electrical Transmission Lines (CE-A) - *(Test Required – High Voltage)*
- B. Electrical Work for Buildings and Structures - *(Test Required – full CE)*
- C. Underground Electrical Conduit Installation (CE-C) – *(No Test for Low Voltage – 70 volts)*
- D. Sound and Intercom Systems, Fire Detection Systems, Signal and Burglar Alarm Systems and Security (CE-D) – *(No Test Required for Low Voltage/up to 70 volts; must register with Alarm Systems Contractors Board)*
- E. Electrical Signs (CE-E) – *(Test Required if more than 70 volts)*
- F. Telephone Lines and Ducts (CE-F) – *(No Test Required; Low Voltage)*
- G. Cable T.V. (CE-G) – *(No Test)*
- H. Substations (CE-H) – *(Test Required for High Voltage)*
- I. Electrical Temperature Controls (CE-I) - *(No Test)*
- J. Fire Detection Systems, Signal and Burglar Alarm Systems and Security Systems with conduit and wiring above (70) volts require an electrical exam. (CE-J) - *(Test Required – CE)*
- K. Roadway Lighting, Attenuators and Signalization - requires electrical examination. (CE-K) – *(Test Required – CE)*

S- Specialty/Environmental - (No Test; based upon experience, training and certifications)

- A. Asbestos Material Handling/Removing (S-A or S-Asbestos)
- B. Underground Storage Tank (S-B or S-UST)
- C. Lead-Based Paint Abatement (S-C or S- Lead)
- D. Hazardous Waste Removal (S-D or S-Hazardous)
- E. Air, Water or Soil Remediation (S-E or S-Remediation)

S-Specialty/Medical Gas Piping (S-Medical Gas Piping) – (No Test Required)

Installation, maintenance and repair work falling within the regulation of medical gas piping pursuant to Tennessee Code Annotated, Section 68-11-253.

A. Medical Gas Piping Installer Certification Requirements.

1. The minimum qualifications for board certification are the qualifications for certification established by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE). A minimum of thirty-two (32) hours of training, with eight (8) of brazing.

S - Specialty (Specified) – (No Test for “S” specialty classifications)

The Board reserves the right to depart from the classification system in appropriate individual cases, with no trade exam required and the following are examples.

S-Telecommunication / Cell Towers

S-Equipment Installation

S-Mold Remediation

S-Telecommunications

(NOTE: The above is an abbreviated list of specialties and does not include all specialty classifications assigned to contractors by the Board.)

Compilation from *Rule 0680.1--.16* and may be reviewed at the Tennessee Secretary of State's web address at: <http://www.state.tn.us/sos/rules/0680/0680.htm> or contact our office for a copy.

Who may be designated as the Qualifying Agent (QA) to take the exam?

- **Individual/Sole Proprietor:** Owner (or family member *employee)
- **Partnership:** Any or all Partners or full-time *employee
- **Corporation:** Major stockholder or full-time *employee
- **Limited Liability Company:** Owner or full-time *employee

***Employees** designated as Qualifying Agents (**QA**), must provide a “Power of Attorney” (see form in the application). Pursuant T.C.A §62-6-115, they must have sufficient knowledge of the construction business to bind the corporation or partnership. A QA cannot be listed on more than one license, unless approved by the Board, which requires them to have majority ownership.

Study Guides

Refer to “Candidate Information Bulletin” for an outline of the exam and study materials.

Restricted/Limited Residential License (BC-A/r)

In lieu of taking the “BC-A” residential trade exam and “Business & Law” exam, residential contractors wanting to construct homes for **less than \$70,000**, may take a “Limited License” course with their local community college or vocational school. The contractor **MUST** comply with all other application requirements as the examination is waived, only. A contract or permit valuation cannot exceed \$70,000, which includes contractor’s cost of land and profit; not allowed to joint venture or perform home inspections; and in order to increase, must take the exams and provide a reviewed financial statement. The classification for this license is “BC-A/r”. For a list of these schools, please refer to our website at:

<http://www.state.tn.us/commerce/boards/contractors/pdf/contRestricted.pdf>

Reciprocity with other States

Tennessee presently holds a **trade exam** reciprocity agreement with: Alabama, Arkansas General Contractors; Louisiana, Mississippi and South Carolina. Please attach a copy of your exam scores and/or the license verification from one of these states. The contractor applicant must complete all application requirements. *Note: A license is required prior to bidding or contracting!* Must also take the Tennessee “Business & Law” exam for reciprocity.

Special Accommodations/Unable to Pass License Exam

If you failed the exam three (3) times, you may submit a request with your completed application, with the strength and weakness report, and request to interview with a Board member at a regular scheduled Board meeting for an oral exam. In addition, PSI, Inc., the exam vendor, has provisions to make special arrangements and ADA access.

The Tennessee Department of Commerce and Insurance is committed to principles of equal access and affirmative action. Contact the EEO Coordinator or ADA Coordinator at (615) 741-2177 (TDD).

STEP 2 – FINANCIAL STATEMENT: Contact a Licensed CPA
(Licensed Certified Public Accountant or Public Account)

Licensed Accountant

Contact a Certified Public Accountant (CPA) or a Licensed Public Accountant (PA) actively licensed in the state where your business operates. In Tennessee, you may check with the “Tennessee Board of Accountancy” at

www.state.tn.us/commerce/boards/accountancy

and click on “licensee roster search” to verify they are properly licensed as a CPA firm and as an accountant. Out of state contractors may use their CPA licensed in their state.

The CPA/PA must prepare a financial statement with a:

- **“Reviewed”** opinion (required for a monetary limit of **\$1,500,000 or less**); or
- **“Audited”** opinion (required for a monetary limit **exceeding \$1,500,000**); based on “Generally Accepted Accounting Principles” (GAAP);
- Compiled financial statements are **NOT** acceptable
- Financial statements prepared on an income tax basis are **NOT** acceptable
- Contractor licenses are issued according to the **NAME** appearing on the **financial statement** and the name should match on ALL related information, such as the “Charter”, “Articles of Organization”, “Line of Credit”, “Contractor’s Affidavit” or “Guaranty”.

New start-up businesses: Contact your accountant on deciding how to operate. Accounts, such as the checking account, will need to be in the business name of how you will operate and contract. Your accountant may advise whether capital needs to be placed into the business account and the time limit required. Your CPA/PA will need to prepare a “Review” or “Audit” on your contractor’s operating account. For new contractors with financial statements showing “Cash” only instead of an operating business statement, you must submit, in addition to the reviewed financial statement, a “personal financial statement”, with a guaranty agreement (spouses must also sign Guaranty). Supplemental personal statement is not required to be prepared by a CPA.

Monetary Limit Determination

The monetary limit is the total dollar amount per each individual contract or project. A contractor cannot split a contract into phases to work within their limit, however, a 10% tolerance is allowed. A contractor with a monetary limit of \$150,000 may contract up to \$165,000 without being in violation. In addition, there is no limit of the number of projects a contractor may perform.

Example: Monetary limits are based on the maximum of “10 times the lesser” of both working capital and net worth, plus experience listed as working on these size projects (may be while working for other contractors, spec homes or subcontracts, etc.). A license limit of \$150,000 must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for \$100,000, if experienced on these size jobs. The contractor in this example may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a personal financial statement with Guaranty.

Unlimited License Limit

To obtain an unlimited license, the contractor must show in excess of \$300,000 in working capital and net worth, experience, and an “Audited” financial statement.

Working Capital and Net Worth

Please ask your CPA/PA to determine the amount of your working capital and net worth. Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”. Monetary limit is based on the lesser of both net worth and working capital, and experience.

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments/deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year*

Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

All financial statements submitted should separate current portion of long term debt according to standard accounting principals.

Guaranty Agreement

A “Guaranty Agreement” (see sample format in this application) with personal or parent company financial statement may be needed for the following:

- Contractors submitting “cash” only financial statements due to being a new company with no operating statement, will be required to submit a Guaranty with their personal financial statement;
- Spouse must also sign Guaranty Agreement, if applicant is married;
- Contractors needing to supplement their working capital and/or net worth for their monetary limit, may use personal statement at 50% value with Guaranty;
- Contractors where their company/subsidiary is owned by another entity/parent; must each submit a Guaranty, with their owners financial statements;
- Subsidiary contractors, which are without a reviewed or audited financial statement, may submit a request for the board to accept an in-house financial statement in the name to be licensed, with their parent company’s audited or reviewed statement and a signed “Guaranty Agreement”.

Line of Credit

A Line of Credit (LOC), in the Board’s exact format, may be considered to supplement working capital. The LOC must come from a FDIC approved bank, savings and loan institution. The sample format is located in the contractor’s application. If working capital is negative, the Board may consider no more than 50% percent of LOC with guaranty agreement financials. The Board will not issue a license based on the sole value of a LOC and must accompany their entity’s CPA prepared financial statement.

INFORMATION FOR FINANCIAL STATEMENTS
(You must provide your CPA or Licensed PA with this information!!)

NOTE TO CPA/LPA: Please advise your client of their working capital, net worth and monetary limit.

ALL applicants **MUST** have either a **REVIEWED** or **AUDITED** financial statement prepared by a CPA or Licensed PA, in accordance with T.C.A. 62-6-111.

COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!!

- Licenses will be issued in the **EXACT** name that appears on the financial statement. Be sure that the name on the financial statement and the name throughout your application are the **EXACT** same. (If a spouse's name is on the statement, such as "John and Mary Jones", the license will be issued as "John and Mary Jones").
- Request for monetary limits **GREATER than \$1,500,000.00** requires an **AUDITED** financial statement.
- Request for monetary limits **EQUAL TO or LESS THAN \$1,500,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- **ALL** financial statements **MUST** be prepared by a **CPA or PA**. Their license must be current and in good standing.
- **ALL** financial statements **MUST** include the following:
 - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
 - 2) Balance sheet. The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principals (GAAP).
 - 3) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
 - 4) Audited statements must include the profit and loss statement and cash flow statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value. This is to allow for tax liability.

FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA'S OWN FORM. Financial statements **MUST** be current (Current is no older than twelve (12) months). In addition to a reviewed or audited financial statement, the Board may require a personal financial statement if you do not submit an operating statement or cash only. The personal financial statement does not have to be prepared by a CPA or PA.

INFORMATION FOR MONETARY LIMITS

NOTE: CPA/PA'S - Please advise your client of their working capital and net worth-

Monetary limit is based 10 times the LESSER of WORKING CAPITAL, NET WORTH and EXPERIENCE!

Working Capital is your **current** assets *MINUS* your **current** liabilities.

Net Worth is your **total** assets *MINUS* your **total** liabilities.

Example #1:

Current Assets:		<u>\$ 20,000.00</u>	Total Assets:		<u>\$ 20,000.00</u>
Current Liabilities:	-	<u>\$ 10,000.00</u>	Total Liabilities:	-	<u>\$ 10,000.00</u>
Working Capital:	=	<u>\$ 10,000.00</u>	Net Worth:	=	<u>\$ 10,000.00</u>

Monetary Limit Qualify: \$100,000.00 (must show experience, too!)

Example #2:

Company Working Capital:	<u>\$ 20,000.00</u>	Company Net Worth:	<u>\$ 20,000.00</u>
Personal Working Capital:	<u>\$ 2,000.00</u>	Personal Net Worth:	<u>\$100,000.00</u>
50% of Personal Working Capital:	<u>\$ 1,000.00</u>	50% Personal Net Worth:	<u>\$ 50,000.00</u>
Line of Credit:	<u>\$ 10,000.00</u>		
Total Working Capital:	<u>\$ 31,000.00</u>	Total Net Worth:	<u>\$ 70,000.00</u>

Monetary Limit Qualify: \$300,000.00 (must show experience, too!)

STEP 3 - LETTER OF REFERENCE

Reference Letter

The "Letter of Reference" (sample in this application) must be completed by a past client or employer, who can comment about your construction work/experience, OR a code official who has inspected your work (not from a relative). Only one reference letter is necessary. Please include and attach the completed reference with your application. *(The reference does not have to come from a Tennessee resident/firm.)*

STEP 4 – CORPORATIONS AND LIMITED LIABILITY COMPANIES

Tennessee Secretary of State

The Secretary of State's office is responsible for business filings and may be contacted at (615) 741-2286 or by fax at (615) 532-9870 or visit their web site at: www.state.tn.us/sos. (Please attach a copy of one of the following with your application package.) *Note: Information given below is subject to change!*

- Tennessee corporations must submit a copy of their "Charter" or "Certificate of Existence" or other document showing it is active and filed with the Tennessee Secretary of State's Office (must be the same name as on their financial statement). [Form# SS-4417 - \$100.00 fee]
- Limited Liability Companies (LLC) and Limited Partnership's must submit a copy of their "Articles of Organization" or "Certificate" showing proof it is active and filed with Tennessee Secretary of State (must be in the same name as their financial statement). [Form#SS-4249 for LLC; Form#SS-4470 for LP – Fees vary according to number of members]
- Out-of State (foreign) corporations, limited liability company or a limited partnership must register with the Tennessee Secretary of State's office and submit proof with their license application, such as a copy of their "Certificate of Authority" or "Articles of Organization" or their application stamped "FILED" from the Tennessee Secretary of State (must be in the same name as on their financial statement). [Form#SS-4431 for COA; Form#SS-4233 for LLC; Form#SS-4473 for LP - \$600.00 fee]

Secretary of State corporate filing applications and fees must be submitted to their office at: 312 8th Ave., N., 6th Floor Snodgrass Tower in Nashville, TN 37243. Do not send these to the Contractor's Board!

Contractors may change their mode of operation after licensed, through a "Revision".

STEP 5 – COMPLETE APPLICATION, SIGN AND NOTARIZE

License Application

Make sure all questions on the application are complete. Be sure to list all experience, which may be from working in other states or with construction companies, as well as, from your qualifying agent's or other employees work experience. Include proof of **insurance** (general liability; and workers compensation)

Attach **financial statement**, and a copy of **exam scores**. There is a **notary** available in our office, free of charge, for the contractor's affidavit or other pages.

Contractor's Affidavit

Be sure affidavit is signed and notarized by all applicable individuals (qualifying agent, owner(s), partners, members, main officers and major stockholders). For large corporations, with several officers, please list at least three (3) who have authority to act on the company's behalf. Attach an explanation on items where it is applicable.

Felony Conviction

All owners, officers, and the qualifying agent must inform the Board of any convictions and include the date, charge, place, court, action, and whether currently on probation. A license may be denied based on conviction or failure to disclose a conviction, however, the full Board will judge on its own merits with respect to time, circumstances, and seriousness. Please provide a certified background check for the Board's review with a reference letter from parole officer, and proof showing released from probation.

Power of Attorney

A "Power of Attorney" (POA), is required only if the person taking the exam "Qualifying Agent" (QA) is not an owner and is a designated full time employee. If the QA is listed on more than one license, an explanation is required. The POA is not required if an owner is the person testing.

<u>STEP 6 – SUBMIT APPLICATION AND \$250.00 LICENSING FEE</u>
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Once the application is complete, submit with the **\$250.00** (nonrefundable) two (2) year license application fee (*may be company, personal or cashier check (no cash or credit cards)*), payable to: **Contractor's Board**. Attach check and mail to:

Tennessee Board for Licensing Contractors
500 James Robertson Parkway, Suite 110
Nashville, TN 37243-1150

Please allow 5 to 7 business days for mail delivery. Express mail arrives to our office within two days (goes to the mailroom/cashier's office first). It may be in your best interest to send express or certified mail for tracking purposes. Always make a complete copy for your records!

Application Deadline

The application is due on the 20th of the month before the Board meets. The application must be received in the office by deadline date; not postmarked. The Board meets during the months of January (Nashville); March (Nashville); May (Memphis); July (Nashville); September (Knoxville); and November (Nashville). *Meeting locations are tentative and subject to change!*

For example, to go before the January Board meeting, you must have your completed application in by December 20th. If the 20th is on a holiday or weekend, the next business day is considered the deadline.

If the QA is not a majority owner, you may be required to appear for a personal interview. If you are out of town and need to make travel arrangements, please submit the application by the 10th day of the month prior to the Board meeting or earlier since meeting notices are not mailed out until approximately three (3) weeks after receipt.

Processing

Please allow at least three (3) weeks for processing your application before making telephone inquiries! Due to limited staff, telephone inquiries delay processing applications. The “New Applications” staff will notify you by mail and/or fax of the time, date and location of the Board interview. Should additional information be needed, they will contact you requesting the information required and may extend your deadline to be scheduled for Board review. Meeting dates and locations are available on the website.

STEP 7 – BOARD INTERVIEW

Board Review

An interview with a Board member is required, if the qualifying agent (QA) is not an owner with majority ownership. The QA and an owner or officer with a power of attorney must attend the board meeting and will receive an admission letter of the time, date and location. Those qualifying to have the interview waived will be sent a letter stating the interview is “waived”.

The **interview** is informal and takes no longer than 30 minutes. However, due to several contractors scheduled, there is a **timely wait**. Board members in your field of expertise usually perform the interview. For example, an electrical Board member will interview those applying for an electrical license, and the mechanical contractor interviews the plumbing and HVAC contractors, etc. At the interview, the application is reviewed and general questions will be asked about contracting experience and to make sure the license classification covers your type of projects. You may use this time to ask the Board member advice or the staff questions concerning the licensing law. There is no dress code requirement.

Interview Waived - Contractors meeting the criteria for the interview waived will **not** get their license earlier; they are approved on the same day as those who interview. Waived criteria is as follows: Owner (who has majority ownership of at least 51%) passed the exam; experienced for the limit requested; financial statement complete; no bankruptcy, felony or complaints on file; and application was received prior to deadline.

FINAL STEP – LICENSE ISSUED

License Issuance/Renewal

Upon approval by the full Board, the license will be issued for two (2) years and you may review from the license roster search website at: <http://licsrch.state.tn.us/>

The license will have your license ID number, classification, expiration date (this is the same information required to be on the outside of a bid envelope) and your monetary limit. You are required to renew after two years. Renewals are mailed 90 days prior to expiration date and must be submitted 30 days prior to expiration. There is not a grace period to renew, and the license is considered expired until renewal is received in our office. If submitted late, the license will have a delinquent status and will not be on the website's roster of licensed contractors until the renewal is processed, which takes approximately four (4) weeks. Any contracting during the expiration of the license is considered unlicensed activity and subject to disciplinary action.

Make sure to notify the Board of any address change, as State mail is not forwarded. Contractors with a monetary limit less than \$1,500,000 may prepare their own financial statement for renewal. Contractors with a limit exceeding \$1,500,000 may submit a "Review" instead of an "Audit". A license expired in excess of 12 months cannot be renewed; a new license must be obtained. There is not a grace period to renew! For example, if your license expires on 7/31/2008, on August 1, 2008, a permit would be denied if you have not submitted complete renewal with financial statement, workers compensation insurance, contractor's affidavit and fees, 30 days prior to the expiration date. In addition, if you contract during the time the license was expired, it is considered unlicensed activity.

Revisions/Changes – Mode, Name, Classification or Limit

Contractors may request revisions such as, an increase in monetary limit, add a new license classification, or name change, by requesting a revision application. Changes in the "Mode of Operation" such as changing from a sole proprietor to a corporation or LLC, must make application to transfer/change mode of operation. A license cannot be transferred to a new or separate entity. Mergers, change in ownership, reorganization due to bankruptcy, or if dissolving one company and starting another in a different name, must obtain a new license prior to contracting. The Board is required to review and approve all revision requests at Board meetings, they meet six (6) times yearly.

Bidding/Contracting

Contractors must be licensed prior to bidding, negotiating, making an offer, and must contract and permit in the name as licensed or it is considered unlicensed activity and subject to disciplinary action by the Board. Contractors licensed as an individual, such as "John Jones" and bids as "John Jones, Inc." is considered an unlicensed entity; must change the mode on a license through a revision (LLC, corporation or partnership) prior to bidding in new mode or name.

(continued →)

Name as licensed, license ID number, classification, and expiration date, is required to be on the **outside of a bid envelope**. The electrical, plumbing, mechanical and HVAC licensing information of subcontractors, where their bid is in excess of \$25,000, must also appear on the outside of the bid envelope. (see TCA 62-6-119).

Subcontractors

The only subcontractors, bidding directly to the licensed prime contractor, required to be licensed are those bidding in excess of \$25,000 are: electrical, plumbing, HVAC and mechanical. Also must list on the outside of the bid envelope with their licensing information.

Subcontractors in other areas, such as, dry wall, masonry, flooring, etc., are not required to be licensed unless they bid directly to the owner and it is in excess of \$25,000.

Second/Additional Companies

Contractors, who own more than one business, can only bid/contract in the name as licensed. Even though they own both entities, they cannot bid or contract under the subsidiary's name and would be required to apply for an additional license.

Bid Preference Law

For those contracting in other states bordering Tennessee, our state requires the same of nonresident contractors as they do of resident contractors. This statute is found in T.C.A. 12-4-801 and states in part, should the bidder on a public construction project in this state be a resident of another state, contiguous to Tennessee, a like reciprocal preference is allowed. In short, if a nonresident's home state gives a preference to their residents, we apply the same criteria to their bid on our state's work.

Complaints

Contractors must respond to complaints submitted to the Contractor's Board or to the Division of Consumer Affairs "Contractors/Homeowners Accountability Mediation Program (**CHAMP**)" to avoid civil penalties, license suspension or revocation which are assessed by the Board for Licensing Contractors. In addition, contractors failing to respond in good faith may be listed on the website's "Problem Contractors" list. Contractor Inspectors are employed with the Regulatory Board to investigate complaints and license violations and contractors are encouraged to respond timely.

Board Notification

It is the responsibility of the contractor to notify the Board of address changes, judgments, bankruptcy, changes in officers, qualifying agents, or felony convictions of owners, officers, qualifying agents, and persons listed on the "Contractor's Affidavit".

Qualifying Agent

Should the qualifying agent (QA) leave, the Board must be notified within 10 days. A new QA must be designated and pass the trade exam, within 90 days (the "Business Law" exam does not have to be retaken by the new QA). The license is considered invalid until the new QA is in place. The license remains with the contractor and not with the QA. Should the QA want to contract, they would need to apply for their own license; the exam would not be required.

Reinstatement of Expired License

Reinstatement of an expired license (12 months) requires the same application steps, except for the interview and the exams. Trade exams *MAY* be waived if license has been expired less than 24 months. The contractor will need to put their request in writing for exams to be waived with an explanation. The Business and Law exam will NOT have to be retaken.

Merger/Change in Ownership/Reorganization Due to Bankruptcy

Must notify the Board in writing within 10 days and submit a new license application. All steps are required except exams do not have to be retaken as long as the qualifying agent (QA) remains with the company.

Joint Ventures

All contractors must hold a Tennessee contractor's license in order to bid as a joint venture. (See Rule 0680-1-.11).

Retirement of License

You may place a current license in a retirement status by submitting request and \$50.00 every two years. To activate from retirement, simply submit renewal fee and form. License may only be retired up to seven (7) years.

Workers Compensation Insurance

Workers compensation insurance is required for those with one (1) or more employees. Contact your insurance carrier to ensure you are properly covered. In addition, failure to continue coverage as required will cause the contractor's license to be invalid and contractor subject to disciplinary action. "Certificate Holder" section should list the Board for Licensing Contractors and their address; cancellation section must be at least 10 days notice.

NEW! General Liability Insurance

Effective July 1, 2007 the law requires all contractors to submit proof of General liability insurance. The Board has established minimum amounts at three (3) levels, based upon the monetary license limit requested: Up to \$500,000 = \$100,000 of minimum coverage; \$501,000 to \$1,500,000 = \$500,000 of minimum coverage; and monetary limits exceeding \$1,501,000 to Unlimited = \$1,000,000 of minimum coverage. "Certificate Holder" section should list the Board for Licensing Contractors and address with cancellation notice of at least 10 days notice.

For Office Use Only

Xact# _____

Lic.ID# _____



Note: Deadline date to submit is 20th of the month prior to Board meeting!

Please allow 5 to 7 days for mail delivery.

**TENNESSEE
BOARD FOR LICENSING CONTRACTORS**

500 James Robertson Parkway, Suite 110

Nashville, TN 37243-1150

(615) 741-8307 or 1-800-544-7693

Fax: (615) 532-2868

www.state.tn.us/commerce/boards/contractors

Please check one:

___ New License – First Time Applicant
OR

___ Reinstatement of Expired License

License # _____ - Exp: _____

___ Merger/Reorganization/Change of Ownership/Dissolving Licensed Company

License # _____ (of prior company)

___ *Additional License/Second License – Other license to remain: ___ Active ___ Inactive

License # _____ (of prior company)

___ Qualifying Agent – Applying for their own license – License# _____ (of prior company designated)

CONTRACTORS LICENSE APPLICATION

Application Fee: \$250.00 (Nonrefundable) – Two Year License Fee

Mode of Operation: ___ Sole Proprietor ___ Corporation ___ Limited Partnership ___ Partnership ___ LLC

NAME TO APPEAR ON

LICENSE: _____

(License will be issued in the exact name that appears on your financial statement)

Mailing Address:

(P.O. Box) (Physical Street Address if P.O. Box listed)

(City) (State) (Zip)
Telephone: (_____) _____ - _____ Cell: (_____) _____ - _____ Fax: (_____) _____ - _____

Qualifying Agent: _____ Email Address: _____

*Note: If you currently have a contractor's license and want to only revise your current license by adding a classification or increase your license limit, do not complete this application. Request a "Revision" application from our office!

SYNOPSIS

1. Mode of operation: ☐ Sole Proprietor ☐ Partnership ☐ Corporation ☐ Limited Liability (LLC)
2. List Name of Owner(s), Officer(s) or Major Stockholder (20% or more), with their Title (owner, partner, stockholder, Officer) and their SS# . May submit an attachment:

<u>Name</u>	<u>Title</u>	<u>SS#</u>	<u>% of Ownership</u>
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3. Check or List Type of License Classification Requested (see page iii of instructions and exam information bulletin)

☐ Residential (BC-A) ☐ Commercial (BC-B) ☐ Small Commercial (BC-b{sm}) ☐ BC (Residential, Commercial & Industrial)
☐ Industrial (BC-C) ☐ Electrical (CE) ☐ Plumbing (CMC-A) ☐ HVAC (CMC-C) ☐ Full Mechanical (CMC)-Plumbing/ HVAC
☐ Fire Sprinkler ☐ Specialty: _____

Other: _____

4. State monetary limit desired (size of contracts): \$ _____ (Ensure General Liability is sufficient!)
(Limit is based on financial and experience. Note: Small Commercial (BC-b(sm)) cannot exceed \$750,000. Unlimited is in excess of \$3,000,000)

5. If the owners, officers or the qualifying agent has held or been listed on a Tennessee contractor's license, please answer the questions below: ☐ Does not Apply;

If "Yes", License ID # _____; Expiration Date: _____; *Complaints on File: ☐ NO ☐ *YES

Explain: ☐ Reinstatement; ☐ Sold company; ☐ No longer at company; ☐ Additional license;
☐ Dissolved Partnership; ☐ Qualifying Agent Applying for own license;

Other: _____

(*Attach explanation regarding any open, pending or closed complaints, revoked, outstanding judgments)

6. Have you or your qualifying agent or officers held a contractor's license in any other state(s)? ☐ NO
☐ YES - If so, please list "State" and current status, such as: (A) Active; (E) Expired; (S) Suspended/Revoked.

_____(); _____(); _____();

7. Have you or the qualifying agent or officers held any other Tennessee Licenses (other than driver's license) Such as, Real Estate, Architect/Engineer, Alarm, Fire Sprinkler, etc.

☐ NO ☐ YES - please list type of license and status. If revoked or suspended, please submit an attachment:

8. Please check the city you prefer to have an interview, if required: ☐ Next available meeting;
☐ Nashville/January, March, July or November); ☐ Memphis/May; ☐ Knoxville/September;

9. List Qualifying Agents (QA) person who passed the exams or designated employee for specialty:

(Power of Attorney form required if QA does not hold major ownership of 20%)

<u>Name</u>	<u>SS#</u>	<u>**Examination Type(s)</u>	<u>Ownership%</u>	<u>Exam Date</u>
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****Specialty contractors: Attach current training certificates for Asbestos, Lead, UST, Fire Sprinkler, Well Drilling, Medical Gas, etc.**

_____ Signature	_____ Date	(Person completing this page must sign)
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CONTRACTOR'S STATEMENT OF EXPERIENCE

Name to be on License: _____

1. License applicant's list of experience: *(May attach a list in lieu of completing the below)* ☐ – See Attached

<u>Year</u>	<u>Type of Work</u>	<u>Contract/\$Amount</u>	<u>Location of Work</u>	<u>Client</u>
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2. Please list employees, owners/officers and/or qualifying agent(s) experience: ☐ – See Attached

(May submit attachment or resumes)

<u>Employee/Owner Name & Title</u>	<u>Years of Experience</u>	<u>Employer's Construction Company Name</u>	<u>(Res./Com./Ind.) Project Type</u>
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3. Average number of employees: ☐ None ☐ 1 – 5; ☐ 6 – 10; ☐ 10 – 20; ☐ Over 20

4. Please submit proof of workers compensation insurance or explanation. ☐ – Proof Attached ☐ 0 Employees

5. Please submit proof of General Liability Insurance. ☐ \$100,000 ☐ \$500,000 ☐ \$1,000,000 or more

6. Bank(s) name, location and contact person of where you do business:

7. Attach list of major equipment you own, lease, or rent. (This may be a depreciation schedule)
☐ – See Attached List ☐ – No Equipment owned (leased or rented when needed)

8. Contractor Preparatory Course: ☐ No ☐ Yes – Name of Course Provider: _____.

CONTRACTOR'S AFFIDAVIT

1.

(Contractor Applicant)

(Name as to be licensed – must be same as on financial statement)

Mode of Operation: { } Corporation { } Partnership { } Individual { } Limited Liability Company

2. To the best of my knowledge, information, and belief, a petition in bankruptcy { } ***HAS { } HAS NOT** been filed within seven (7) years preceding the filing of this application from any person who is an officer, owner, partner of this entity. (**If such petition has been filed, attach information and an explanation of the proceedings hereto as part of affidavit, and copy of discharge.*)

3. As Contractor Applicant (owner/proprietor or partner, officer, director, qualifying agent or major stockholder) with this company, firm, or corporation, do hereby affirm, I/we { } ***HAVE { } HAVE NOT** been convicted of a felony, participated in any other conduct which constitutes improper, fraudulent, or dishonest transactions, involvement with any company who is in violation of T.C.A. 62-6-118, in any State. (*If you checked "HAVE", please attach an explanation with copy of legal proceedings. To expedite review process, please provide: proof showing release of probation, certified criminal background check, and a reference from a parole officer.*)

Note: The Board may deny a license for convictions or submission of false information.

4. As Contractor Applicant, I/we { } ***HAVE { } HAVE NOT** bid, offered to engage or performed any construction in the State of Tennessee, where the amount of the contract was in excess of \$25,000 as would require a contractor's license to engage in contracting. *If so, please attach an explanation.

I/we affirm and attest in applying to the Tennessee Board for Licensing Contractors for a new license to engage in contracting with the State of Tennessee, hereby depose and say as follows:

The foregoing statement and all other information provided in this application is true and correct. In addition, these statements are submitted to the Board for Licensing Contractors for the express purpose to license the applicant as a contractor in the State of Tennessee. Further, any depository, vendor or other agency herein named is hereby authorized to supply this Board with any information necessary to verify these statements. Contractor agrees to maintain General Liability insurance.

If you checked "HAVE" or "HAS" above, please attach explanation

All Must Execute Affidavit: Owner(s); qualifying agent(s); partners; major officers; and controlling stockholders or their Chief Executive Officer duly authorized by the Board of Directors with this entity.

(Print Name)

(Title)

(Signature)

(Print Name)

(Title)

(Signature)

(Print Name)

(Title)

(Signature)

(Print Name)

(Title)

(Signature)

Subscribed and witnessed before me this _____ day of _____, 20 _____.

My Commission Expires: _____

State of _____ County of _____

(NOTARY)

-SEAL-

LETTER OF REFERENCE

From: _____

Past Client

Past Employer

Codes Official

Reference Relating to: _____
(Please print name of individual and/or company applying for a license)

Address: _____

The above named individual and/or company is applying for a contractor's license in the State of Tennessee. Please give any information you can relating to their construction experience. You can greatly assist both applicant and Board by furnishing this information in detail. *(PLEASE PRINT OR TYPE)*

1. How long have you known the owner(s)/principals? _____

2. What has been your general experience with the above?

2. What is your business opinion of the above?

4. Do you recommend a state license be granted to the above? Explain.

5. Please mention other comments you would like to include regarding the applicant.

This form is being completed by:

(Print Name) (Name of Company/Client or list "Homeowner")

Mailing Address: _____

Telephone Number: _____ Email _____

(Signature) (Date)

NOTE: All reference letters must be from a past client, employer or codes official commenting on experience. Out of state letters are acceptable; family member references are not acceptable.

WORKSHEET FOR DETERMINING MONETARY LIMIT

(Attach to Financial Statement)

FINANCIAL STATEMENT OF: _____ DATE _____

____ AUDITED	____ REVIEWED	____ CPA	____ LICENSED PA
____ INDIVIDUAL	____ PARTNERSHIP	____ LLC	____ CORPORATION

CURRENT ASSETS _____	TOTAL ASSETS _____
CURRENT LIABILITIES _____	TOTAL LIABILITIES _____
WORKING CAPITAL _____	NET WORTH _____

*SUPPLEMENTAL FINANCIAL STATEMENT(S): ____ Guaranty Agreement: ____ Yes ____ No: _____

1. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

2. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

3. Line of Credit in the amount of \$ _____ Bank: _____

TOTALS:
COMBINED WORKING CAPITAL \$ _____ COMBINED NET WORTH \$ _____

***MONETARY LIMIT REQUESTED: \$ _____** (General Liability Insurance must be sufficient)

*Should the contractor's financial statement and experience fail to qualify for the monetary limit requested, the Board may grant the license at a lower amount.

MONETARY LIMITS ARE BASED ON TEN (10) TIMES THE LESSER OF YOUR COMBINED WORKING CAPITAL, NET WORTH and EXPERIENCE!

- SUPPLEMENTAL FINANCIAL STATEMENTS MAY BE USED TO INCREASE NET WORTH AND WORKING CAPITAL.
- LINE OF CREDIT MAY BE CONSIDERED TO SUPPLEMENT WORKING CAPITAL.
- GUARANTY AGREEMENT MUST BE SIGNED, NOTARIZED AND ATTACHED WITH SUPPLEMENTAL FINANCIAL STATEMENT

ATTACH FINANCIAL STATEMENT PREPARED BY A LICENSED CPA/LPA WITH A REVIEWED OR AUDITED OPINION

Financial statements submitted by contractors shall be treated as confidential and shall be used by the Board only for the purpose of determining the financial stability of an applicant for a license and the monetary limitations. T.C.A. 62-6-124.

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business's normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders or employees

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- *Other obligations, including portions of long-term obligations, expected to be liquidated within one year

*Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

*** All financial statements submitted should separate current portion of
long term debt according to standard accounting principals***

More detailed information for you and your accountant are located in the instructions!

GUARANTY AGREEMENT

(Attach with Financial Statement – see instructions on page vii)

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

This **GUARANTY AGREEMENT** is being executed at the request of:

(NAME AS TO BE ON LICENSE)

The contractor, to which this document is applicable, for the express purpose of providing additional financial security and stability for said Contractor in order to obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

I/we the undersigned Guarantors agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary, pursuant T.C.A. 62-6-111(g)(1)(E), all liabilities indemnified.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

* * *

*Corporate parent financial statements submitted to indemnify and/or increase working capital and net worth of licensee, must complete corporate section, sign and NOTARIZE.

**Personal guarantors may indemnify and/or increase working capital and net worth of licensee, complete personal section, sign and NOTARIZE. (Signature of all persons named on financial statement, such as SPOUSE, is required.)

*CORPORATE /PARENT GUARANTOR SECTION

**PERSONAL GUARANTOR SECTION

Entity Name on Corporate/Parent Financial Statement

Signature of Personal Guarantor

Name: _____

Signature of Additional Personal Guarantor or Spouse

Title: _____

*Signature of Corporate Official

*As corporate official, I am fully authorized to bind/obligate corporation to the terms and conditions of this document as stated herein.

NOTARIZE

Affirmed and subscribed before me this _____ day of _____, 20_____.

(Notary Signature)

My Commission Expires: _____

State of _____/County of _____

(SEAL)

LINE OF CREDIT

TO BE WRITTEN ON BANK, SAVINGS & LOAN LETTERHEAD
(May be used if WORKING CAPITAL does not support monetary limit requested)

DATE

TO: **CONTRACTOR LICENSEE NAME** (*Individual, Corporation, Partnership or LLC*)
Address
City, State and Zip

Dear Contractor:

You have requested of (Name of Bank, Savings and Loan FDIC Institution) to establish a line of credit which will be available to (Contractor's Name as to be on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$_____ which will be maintained for a period of one year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

The undersigned hereby agrees to notify the Board for Licensing Contractors should we withdraw and/or eliminate the above named applicant's credit line.

By _____
Name Title

SAMPLE LETTER -- FOR BANK USE ONLY

Contractor Instructions

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank; does not increase the net worth
- If a contractor's working capital is negative, only 50% of the Line of Credit (LOC) value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This format's exact wording must be used in order for the Board to consider accepting; any deviation will delay process
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as on the license and financial statement
- Lending institution must be a bank, savings and loan which is FDIC approved



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PARKWAY, SUITE 110
NASHVILLE, TENNESSEE 37243-1150
(615) 741-8307 (800) 544-7693
FAX - (615) 532-2868

POWER OF ATTORNEY

Know all that I, _____, of _____,
(Owner's Name) (County)
_____, of _____ do hereby appoint:
(State) (License/Company Name)

(Qualifying Agent Name or Officer) (Title) (Date of Employment)

Above named is at least 18 years of age and is a full time employee or officer, is authorized to act as qualifying agent (QA) on the company's behalf, to take the examinations(s) and/or interview, as required for a Tennessee contractors license. Pursuant T.C.A. §62-6-115, employee/officer has sufficient knowledge to bind the corporation or partnership.

This designated qualifying agent _____ ***IS** or _____ **IS NOT** listed as the QA for another licensee (attach explanation if listed on another license in Tennessee). I understand should the qualifying agent leave the company, pursuant T.C.A. §62-6-115, the Board must be notified within 10 days; another individual must be designated to pass the examination(s) within 90 days, or the license is considered invalid. **Companies appointing non-owners to take the exam do not qualify to have the interview waived.

Owner - Signature

Qualifying Agent - Signature

Affirmed, witnessed and subscribed before me this _____ day of _____, 20_____.

Notary Public My Commission Expires: _____

-(Seal)-

***If you checked "IS" listed on another contractor's license, what is the license ID#000_____.**
A Qualifying Agent cannot be listed on more than one license unless they are a majority owner or their license is inactive/retired. Please submit an explanation.

****Note:** If anyone other than an individual with an ownership interest acts a qualifying agent, then an officer, with an ownership interest or power of attorney, must also appear along with the qualifying agent for an interview.

TENNESSEE RECIPROCITY INFORMATION

TENNESSEE BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PARKWAY, SUITE 110
NASHVILLE, TENNESSEE 37243-1150
(800) 544-7693 or FAX - (615) 532-2868
www.state.tn.us/commerce/boards/contractors



ALL CONTRACTORS MUST HOLD A TENNESSEE LICENSE PRIOR TO OFFERING A PRICE, CONTRACTING OR BIDDING OR BE SUBJECT TO PENALTIES AND DENIAL OF LICENSE (See TCA 62-6-120).

The State of Tennessee has entered into a trade exam reciprocal agreement with various licensing agencies in the states of Alabama – (General, Electrical, Residential, and HVAC); Arkansas (General Contracting); Louisiana; Mississippi, North Carolina (General Contractors) and South Carolina. Reciprocation is with the TRADE exam, only. The contractor must pass the Tennessee Business and Law exam; complete the license application with all financial requirements, workers compensation insurance, and Board review. Please also attach copy of license and exam score. Corporations or LLC must register with the Tennessee Secretary of State.

LICENSE VERIFICATION

Licensee: _____ License #: _____
(Name as it appears on license)

Address: _____

Telephone: (____) _____; Fax: (____) _____ Email: _____

(Signature of Owner or Officer) Date: _____

ATTN: Reciprocating State - The above named applicant is applying for a contractor's license in the State of Tennessee. Please complete the bottom portion and return to the contractor for them to submit with their Tennessee license application.

RECIPROCATING STATE AGENCY COMPLETES PORTION BELOW

Verifying State Completing Form:

___ Alabama ___ Arkansas ___ Louisiana ___ Mississippi ___ North Carolina ___ South Carolina

Owner(s) or Officer(s): _____

Name of Qualifying Agent(s) (Person Tested): _____

License Classification: _____ Monetary Limit: _____

Original Date of Licensure: _____ Expiration Date: _____

Licensed By:

☐ Exam - Type & Score: _____ Date _____

☐ Endorsement- State: _____

☐ Waiver - _____

Complaints: ☐ None ☐ Yes - Disciplinary Action: _____

Signature: _____ Title: _____
(By State Agency)

TCA 12-4-801 - **Bid Preference Law** - A like reciprocal preference is allowed to the lowest responsible bidder to a contractor who is either a resident of this state or is a resident of another state.

CHECKLIST

(Detailed steps are in the instruction booklet pages i – xv)

- _____ Attach copy of passing exam score(s) or explanation. Limited Residential (BC-A/r – Restricted) applicants must submit a copy of their course certificate; Environmental specialties must attach copies of the qualifying agent's training certificates; Fire Sprinkler applicant's, attach copy of certification from the Tennessee Division of Fire Prevention. Contractors applying for reciprocity, attach license verification completed by your State and the Business Law score.
- _____ Page 2 (Synopsis) and page 3 (Experience) must be complete to determine monetary limit.
- _____ Attach proof of insurance coverage for workers compensation and general liability.
- _____ Contractor's affidavit (page 4) completed; include explanation if you checked "HAS" or "HAVE".
- _____ Attach the completed letter of reference (page 5).
- _____ Attach a Reviewed or Audited financial statement prepared by a CPA/PA. The license is issued as the name listed on the financial statement. (Pages 6 – 7 pertain to financial requirements.)
- _____ "Guaranty Agreement" (page 8) is required for the following: Those submitting cash only statements; or a newly established entity applying for a license and the financial statement prepared shows primarily cash; or those submitting supplemental personal financials to increase net worth/working capital; or an entity owned by another (parent/subsidiary) must provide a guaranty and include with reviewed or audited financial statement. (Note: Guarantees are required by the Board in order to indemnify the financial statement submitted in an effort to protect the welfare of the public.) [Rule 0680-1-.13 and T.C.A. 62-6-111(4)(b)]
- _____ Optional - Line of Credit (page 9) for applicants wanting to supplement their working capital.
- _____ "Power of Attorney" (page 10) is required if anyone other than an individual with an ownership interest acts as a qualifying agent (QA); then an officer with ownership or power of attorney must also appear along with the QA for an interview. Non-owner QA must be a full time employee with a "Power of Attorney" to be designated. [Rule 0680-1-02(f)]
- _____ Corporations and LLC - Must enclose proof showing filed with the Tennessee Secretary of State
- _____ Attach an explanation if this is not a new license: i.e. Reinstatement, Second Company, or Merger/Reorganization, detailing whether the present license is to be continued or is to be made invalid; or if a new license number is to be assigned, etc. Exams are not required to be retaken unless the license has been expired for two years. If you have remained active in the construction industry, you may submit a letter to the Board requesting to waive the two year policy. Note: To add a classification or increase limit, do not apply for new license; apply for revision.
- _____ Make a copy of application prior to sending and allow 5 to 7 business days for mail delivery; we recommend over-night delivery for tracking purposes. You may check the website at: <http://licsrch.state.tn.us/>. The application deadline date is the 20th of the month prior to the Board meeting! Enclose a check or money order (no cash) in the amount of **\$250.00** (nonrefundable) payable to the "**Contractors Board**" and mail to the Board's address at:

Tennessee Board for Licensing Contractors
500 James Robertson Parkway, Suite 110
Nashville, TN 37243-1150